

PUBLIC SESSION MINUTES
North Carolina State Board of CPA Examiners
January 21, 2003
1101 Oberlin Road
Raleigh, NC 27605

MEMBERS ATTENDING: O. Charlie Chewning, Jr., CPA, President; Michael H. Wray, Vice President; Walter C. Davenport, CPA, Secretary-Treasurer; Barton W. Baldwin, CPA; Scott L. Cox, CPCU, CIC; Leonard W. Jones, CPA; and R. Stanley Vaughan, CPA.

STAFF ATTENDING: Robert N. Brooks, Executive Director; Lisa R. Hearne, Manager of Communications; Ann J. Hinkle, Manager of Professional Standards; Buck Winslow, Manager of Licensing; and Noel L. Allen, Legal Counsel.

GUESTS: James T. Ahler, Executive Director, NCACPA; Curt Lee, Past President, NCSA; and Tom Chenoweth, CPA, Highland Publishing Company.

CALL TO ORDER: President Chewning called the meeting to order at 10:10 a.m.

MINUTES: The minutes of the December 17, 2002, meeting were approved as submitted.

FINANCIAL AND BUDGETARY ITEMS: The financial statements for December 2002 were accepted as submitted.

LEGISLATIVE AND RULE-MAKING ITEMS: The Board reviewed the rules as approved by the Rules Review Commission at its December 19, 2002, meeting.

NATIONAL ORGANIZATION ITEMS: The Board reviewed the NASBA Examination Review Board's letter which stated that boards of accountancy could rely on the November 2002 Uniform CPA Examination grades and the accuracy of the candidate diagnostic reports.

Mr. Baldwin provided an update on NASBA issues and accomplishments.

STATE AND LOCAL ORGANIZATION ITEMS: Messrs. Chewning, Baldwin, and Brooks reported on the NCACPA Town Meeting which was held January 10, 2003, in Raleigh.

REPORT OF THE PROFESSIONAL STANDARDS COMMITTEE: Mr. Baldwin moved and the Board approved the following recommendations of the Committee:

200112-104 - John Thomas Margeson - Approve the signed Consent Order (Appendix I).
200205-201 - David B. Watkins - Approve the signed Consent Order (Appendix II).

REPORT OF THE PROFESSIONAL EDUCATION AND APPLICATIONS COMMITTEE: Mr. Wray moved and the Board approved the following recommendations of the Committee:

Transfer of Grades Applications - The following were approved:

Melanie Ann DeGroft
Terry Lynn Howell

Karen Lee Kelley
Jaylene Moss

Original Certificate Applications - The following were approved:

Brian Kirk Arney
Sheila Jones Bacelli
Sarah E. Blanchard
James A. Blevins
Claire Melissa Burrell
Mary Elizabeth Cannady
Jamie Michael Coffey
Tara Jacqueline Corcoran
Melanie Ann DeGroft
Jennifer Renee Detelich
Kenni Elaine Doyle
Laura W. DuBose
Glenn E. Emery
Shandra Leah Faw
Diana Moore Fishburne
Amy Malpass Fowler
Angela Eubanks Fowler
Donna L. Hawkins
Sonia R. Hines
Brandie P. Hodge
Kellie Dawn Honeycutt
Timothy Caine Hooks
Terry Lynn Howell
Amy Shea Howie
Jonathan Bradley Hoy
Ryan Dale Hunsucker

Elizabeth Lee Integlia
Jennifer Leigh Karriker
Karen Lee Kelley
Tracy Elizabeth Lebos
Jonathan Michael McCarty
Tamara Danielle McMahan
Aaron Douglas Milheim
Jaylene Moss
Joseph Gerald Nawrocki
Nghi Phuong Ngo
Jin Su Park
Kirsten Lynn Parriott
Hope Shammara Piggee
Matthew Weber Pohlman
Patrick Vincent Powers
Katherine Lentz Rendleman
Jennifer Lynn Shafer
Johnathan Brook Smith
Kristy Lynn Smith
Rachel Elaine Smith
Melissa A. Stewart
Alicia Jones Stone
Melinda Reynolds Storey
Stacie Denise Suggs
Barry Cornell Webb Jr.

Reciprocal Certificate Applications - The following were approved:

Rhonda Vashti Brickner
Owen William Drugan
Joy Michelle Eure
Michael Eric Friedlander

Mitchell Clare Grondalski
Gregory Merle Hathorne
Angela Dawn Jarvis
Stacie Lynn Kimes Jones

Diane Lynn Jost
Amy Rebecca King
John C. Lenker II
Eileen N. McGinn
Jason Scott Murphy
Susan Joy Murphy
Leah S. Nazworth
John Robert Peirson

John Christopher Purdy
Paula Elisabeth Smith
John William Struble
Anita Davis Surphlis
Kathy Lewis Tillman
Kathleen Lorraine White
Carolina Wibmer
Alan Richard Wood

The Committee reviewed the reciprocal certificate application submitted by Tonya Lynne Johnson. Ms. Johnson prepares financial statements through a law firm. Staff believed that Ms. Johnson would be in violation of NCGS 93-8 and 21 NCAC 8N .0302(a) if certified. Therefore, Ms. Johnson has signed a "Form of Practice Statement." The Committee approved her application.

Temporary Permits - The following temporary permits were approved by the Executive Director and ratified by the Board:

Tanya F. Able #T02846
Traci Jo Anderson #T02847
Jonathan Todd Greene #T02848
Andrew Edward Nolan #T02849
Jason R. Schneider #T02850
David J. Sobczak #T02851
Andrea Lynn Travis #T02852
Kiyoko Toda #T02853
Alan G. Arrington #T02854
Jacqueline Grubar Baker #T02855

Britt Kyle Byrom #T02856
Jerr Lee Connor Jr. #T02857
Dickens Quin Fournet #T02858
Dale C. Goerne #T02859
Frances Benson Lambe #T02860
John Robert McCallum #T02861
Timothy M. McGovern #T02862
Wayne John Peters #T02863
Donna M. Szatkowski-Zych #T02864

Reinstatements - The following were approved:

Karen Hutchison Curran #13599
James Michael Farless #21964
Gina Parrott Glick #22872
Richard R. Hodge #23123
Richard Sterling Ingram Jr. #16111

Ross William McCanless #19768
Joseph C. Osborn #27697
Terry Fletcher Pope #8195
Susan McBride Richardson #19686
William Kenneth Wease #12286

Firm Registrations - The following professional corporations, professional limited liability companies, and limited liability partnerships were approved by the Executive Director and ratified by the Board:

Adams, Akin, Jenkins & Cheatham, P.C.
Alan F. Burke & Associates, PLLC
Alan F. Burke, C.P.A., P.A.

Donald Button, CPA, PLLC
Courtney C. Campbell, CPA, PA
CARL I CARLSON III P.A.

Chused & Associates, CPAs PA
Elliott Dendorfer LLP
Gallagher Flynn & Company LLP
Glowacki & Company
Arthur L. Hattaway, Jr., CPA, P.C.
Joe R. Honeycutt, Jr., CPA, PA
Hutchins & Moser, CPAs, P.A.
Dennis K. Isaacson, C.P.A., P.A.
Janice D. Johnson, CPA, P.A.
Kittinger, Cheney & Holt, CPAs, PA
Bobby T. Martin, CPA, PLLC
Kevin L. McNeil, CPA, PLLC
MOFFETT & SPERRY, PLLC
Monaghan Group, PLLC
Pattie Moore, CPA, PA

EF MUSSLER, PLLC
Richard E. Overman, CPA, P.A.
Gary R. Peters, CPA, PA
Pless Pless & Stephens Certified Public
Accountants, PA
Glenn A. Record, CPA, MBA, PLLC
Sandberg Gonzalez & Creeden PC
Leon Snead, CPA, PC
W. Stewart Thomas, CPA, P.L.L.C.
Tillman, Bailey & Associates, LLP
Todd Rivenbark & Puryear, PLLC
Kevin S. Walser, CPA, P.A.
Bobby F. Watson, CPA, PC
D.W. Watson, CPA, P.A.
Michael E. Westmoreland, CPA, P.A.

Reclassifications -

The Committee approved the following requests for retired status because the individuals are completely retired and do not receive any earned compensation for current personal services in any job whatsoever:

Christine Carol Hildebrand #23529

Kelly Howard Young #19645

CPE Matters -

The CPE Advisory Committee and/or staff have approved the following CPE sponsors and ratified by the Board:

Poyner & Spruill LLP - Charlotte

Scott & Stringfellow, Inc. - Raleigh

The Committee reviewed a request to rescind a conditional license awarded to Jennifer L. Cassidy (#23159). The Committee approved her request.

The Committee reviewed information provided by Albert J. Jacobson (#934). Mr. Jacobson indicated on his 2002-2003 renewal that he failed to complete his 2001 CPE by 12/31/01, but did complete it by 6/30/02. However, he only completed 38 hours by 6/30/02. Staff recommended referral to the Professional Standards Committee for forfeiture. The Committee approved staff recommendation.

Extension Requests - The Committee approved Larry Michael Powell (#19074) for extension for completion of CPE until June 30, 2003.

The following requests were disapproved:

Bradley S. Hanover #28787
Polly A. Hudson #16745
Jennifer L. Peppers #29581

Robin B. Smith #20328
John Stephen Surratt #13168
Robert R. Wietzke #22545

SQR Matters -

The firms listed below completed the quality review less than 60 days after the deadline. Staff recommended a conditional license until January 21, 2004, pursuant to 21 NCAC 8J .0111(1). The Committee approved staff recommendation:

J. W. Hawkins CPA #3082
Dee R. Moore CPA #28293

Betty Faulds Parker CPA #15549

The firm Brenda P. Ashburn CPA PC, requested an extension to complete the Peer Review. The Committee approved the request.

Examinations - The Committee determined and approved the grades listed on the AICPA grade report sheets for the November 2002 CPA exam.

Request for Course Approval - The Committee reviewed a hypothetical situation. An applicant makes the following requests for course approval with staff recommendations as noted:

1. Use Math 2103, Problem Solving in Mathematics, for Statistics - approve (with reservations)
2. Use SPH 1300, Oral Communications, for Communications - approve, but only 2 semester hours
3. Use SOC 2514, Introduction to Sociology, for Ethics - disapprove
4. Use BUS 1500, Introduction to Business, for Finance or law - disapprove

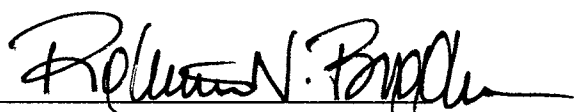
The Committee agreed with staff recommendations.

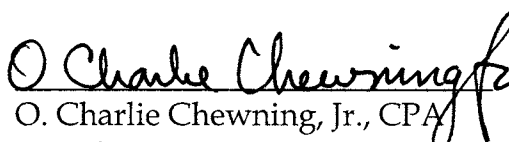
Miscellaneous - The Committee approved the 2003 - 2004 renewal form.

ADJOURNMENT: Messrs. Davenport and Jones moved to adjourn the meeting at 12:40 p.m. Motion passed.

Respectfully submitted:

Attested to by:


Robert N. Brooks
Executive Director


O. Charlie Chewning, Jr., CPA
President

NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #: 200112-104

IN THE MATTER OF:
John Thomas Margeson, #9521
Respondent

CONSENT ORDER

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to NCGS 150B-41 and 150B-22, the Board and Respondent stipulate the following Findings:

1. Respondent is the holder of North Carolina certificate number 9521 as a Certified Public Accountant.
2. In May of 2001, Respondent was charged with the misdemeanor of impersonating a duly authorized employee of the North Carolina Department of Health [a violation of NCGS 14-277] and with "unlawfully, willfully and feloniously" violation NCGS 14-277.3 [stalking].
3. Also, in May of 2001, Respondent was cited for possession of less than ½ ounce of marijuana, a controlled substance.
4. Sometime later in 2001, Respondent was found "not guilty" on the charge of impersonating an authorized employee of the North Carolina Department of Health.
5. In early 2002, Respondent was convicted of stalking a sixteen-year-old girl and of possessing less the ½ ounce of marijuana. Respondent appealed both convictions.
6. In August of 2002, Respondent notified the Board that he has dropped both appeals and had requested that the cases be remanded to District Court for sentencing.
7. In an Order issued by Judge Anne Salisbury on July 29, 2002, Respondent was sentenced to 45 days of imprisonment. The sentence was suspended subject to the following conditions: that Respondent's pay \$190.00 in fines and costs;

Consent Order - 2
John Thomas Margeson

that Respondent participate in a mental health and substance abuse assessment; that Respondent not have any contact with the sixteen year old girl; and that Respondent stay away from any public school grounds unless Respondent's child is involved in a school function. Respondent was placed on eighteen (18) months of unsupervised probation.

8. Respondent did not report the charges described above on his individual 2001-2002 certificate renewal.
9. Respondent did not provide the Board with any information regarding the charges until Board staff sent a letter to his last known home address in December of 2001.
10. Despite a request by Board staff that Respondent keep the Board apprised of the charges, Respondent did not provide subsequent information regarding the charges except in response to direct requests from Board staff.
11. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Order with the Board *ex parte*, whether or not the Board accepts this Order as written.

BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.
2. Respondent's actions as set out above constitute violations of NCGS 93-12 (9)e and 21 NCAC 8 N.0201, .0203, .0204, .0206, and .0208.

BASED on the foregoing and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondent agree to the following Order:

1. Respondent's certificate is revoked for a period of at least eighteen (18) months.
2. Respondent may apply for the reinstatement of his certificate after at least eighteen (18) months and as long as he has completed his sentence of probation as ordered by the Court and as long as he has not been convicted of any other criminal offense during the revocation period.

Consent Order - 3
John Thomas Margeson

CONSENTED TO THIS THE 6th DAY OF January, 200~~7~~³

John Margeson
Respondent

APPROVED BY THE BOARD THIS THE 21st DAY OF January,
200~~7~~³

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS

BOARD
SEAL

BY: O. Charles Chewning
President



NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #: 200205-021

IN THE MATTER OF:
David B. Watkins, #26877
Respondent

CONSENT ORDER

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to NCGS 150B-41 and 150B-22, the Board and Respondent stipulate the following Findings:

1. Respondent was the holder of North Carolina certificate number 26877 as a Certified Public Accountant.
2. In July of 1999, Respondent was notified in a letter from Robert N. Brooks that his application for an original CPA certificate had been granted by the North Carolina State Board of CPA Examiners (Board).
3. In June of 2000, Respondent signed and submitted to the North Carolina Secretary of State's office an Application for Certificate of Authority on behalf of Winn Caribe Communications, Inc., (Winn Caribe) a Georgia corporation and a wholly owned subsidiary of CoreNet Services Inc. In said application, Respondent was identified as the Assistant Secretary.
4. On his 2001-2002 individual certificate renewal as filed with the Board in June of 2001, Respondent denoted that his employer and employment address had changed to "CoreNet Services, Inc.; 3500 Parkway Lane; Norcross, Georgia 30092."
5. Sometime in the Spring of 2001 while an employee of CoreNet Services, Inc., Respondent prepared, as an individual practitioner located in Cumming, Georgia, a reviewed financial statement on behalf of Winn Caribe. During this time period, Respondent was not registered with the Board as offering services through an individual practitioner firm and was not registered as participating in a Board-sanctioned peer review program.
6. In said reviewed financial statement, Respondent did not disclose any lack of independence. In an e-mail dated May 31, 2001, Respondent informed an

official with Winn Caribe that his preparation of the reviewed financial statement was a violation of the American Institute of Certified Public Accountants' (AICPA) ethics rules and "possibly a violation of North Carolina law."

7. Sometime in 2001, Winn Caribe, with Respondent's knowledge, submitted the reviewed financial statements to the Arkansas Contractors Licensing Board (AK Licensing Board) in support of Winn Caribe's renewal application for a contractors license in Arkansas.
8. In April of 2002, Respondent requested that his North Carolina certificate be placed on "inactive" status. Under 21 NCAC 8J .0106, Respondent could have subsequently applied to change the status of his North Carolina certificate to "active" status.
9. In May of 2002, the attorney for the AK Licensing Board filed a complaint with the Board alleging that Respondent had failed to comply with North Carolina's statutes and rules.
10. As an employee of Winn Caribe's parent company and as an officer in Winn Caribe, Respondent was not independent with respect to Winn Caribe and therefore could not, in accordance with applicable accounting and auditing standards, provide Winn Caribe with reviewed financial statements.
11. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Order with the Board *ex parte*, whether or not the Board accepts this Order as written.

BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.
2. Respondent's actions as set out above constitute violations of NCGS 93-12 (7b), 93-12 (8c), 93-12 (9)d, and 93-12 (9)e and 21 NCAC 8J .0108, 8M .0102, 8N .0201, 8N .0202 (a), 8N .0202 (b)(3), 8N .0203 (a), 8N .0203 (b)(1), 8N .0204(a), 8N .0209, 8N .0301 (a), 8N .0303 (a), 8N .0402 (a), 8N .0403, 8N .0404, and 8N .0406.

Consent Order - 3
David B. Watkins

BASED on the foregoing and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondent agree to the following Order:

1. Respondent's CPA certificate status is hereby changed from inactive to permanently revoked.

CONSENTED TO THIS THE 24th DAY OF December, 2002.



Respondent

APPROVED BY THE BOARD THIS THE 21st DAY OF January,
2003.

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS

BOARD
SEAL

BY: O Charles Chewning
President